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ECONOMIC SITUATION AS OF DECEMBER 31, 1986

The 1986 Economic Situation Report was compiled by the staff of the Economic Development Dept. Resource material was obtained from the following agencies and publications:

- Statistics Canada
- Bureau of Statistics, Gov't of Sask.
- Provincial Department of Agriculture
- City of Saskatoon Building Department
- City of Saskatoon Planning Department
- Canadian Markets 1986
- Saskatoon Board of Trade
- Northern Miner Publication
- Economic Council of Canada

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SASKATOON ECONOMIC SITUATION AS OF DECEMBER 1986

1986 IN REVIEW

It is true that Saskatchewan has seen and prospered in much better times. The Province has also seen much worse times; reference here is not to the 1930's. How many of us can remember 1969, 1970, 1971 and 1972, when businesses were closing at an alarming rate? The "For Sale" and "Going Out of Business" signs on every main street throughout the communities of Saskatchewan. When was the last time you saw a bumper sticker that read "Last One to Leave the Province - Turn Off the Lights"?

That was a very rough period for this Province; agriculture, oil, gas, pulp, coal, and potash were all severely hurting. Seventeen (17) years was rather a long time ago though. The difference between then and now is that then Saskatchewan went it alone. British Columbia's, Alberta's and Manitoba's economies were on an upsurge unparalleled in previous history.

The year is now 1987 and Saskatchewan's economy is again facing an onslaught from the resource sector. Agriculture is going through a very difficult period, prices are down, markets are disappearing, and land values are tumbling. The potash industry cannot sell because of the world situation in agriculture. A number of mines are experiencing layoffs or are on extended shut-downs. The oil and gas industry is virtually non-existent as companies are forced to cut back due to low world oil prices, and the net result is a shut-down in exploration plus layoffs.

However, the major difference between today and seventeen (17) years ago, is the underlying fact that Saskatchewan's economy is significantly more diversified. The Province has demonstrated real positive growth throughout the 70's and 80's, and it will continue to do so for 1987 and the remainder of this decade.

If the economy is as bad as we are led to believe, then the major economic indicators should have been triggered in 1986. How is it that Saskatoon has just experienced one of its most exciting years since the community was inaugurated as a City? Record breaking building activity (4,451 permits for a value of $260,450,400) and record breaking number of business starts

(358) has occurred. Of this figure, 22 are new manufacturing firms. Record breaking growth in population. The period 1981 - 1986 saw the Saskatoon metropolitan region as the fastest growth centre in the nation. Retail sales for 1986 saw a 7 percent increase.

The City's inflation rate ranged between 3.5 percent - 4.5 percent; unemployment dropped from a high of 13.5 percent to 9 percent. The labour force increased to 92,000 with 84,000 employed. The community has grown by over 25,000 within the last five years, making it the largest City in Saskatchewan. Saskatoon continues to maintain an AA+ credit rating (one of the highest ratings in Canada).

In 1986, Saskatoon was awarded the 1989 Canada Summer Games, 1989 Brier, 1988 World Fastball Championships and the 1987 North American Fastball Championships.

The foregoing is not to suggest for one moment all is peaches and cream. There are a number of soft spots in the economy and reasons for concern. It will take the combined efforts of us all in utilizing our energies and talents to find those solutions.

1987 OUTLOOK

Because of Saskatoon's diversified economy, 1987 will be a mirror image of 1986. Although the performance of Saskatchewan's economy is expected to be below average, that will not be the case in Saskatoon. All major economic indicators, including construction, manufacturing shipments, business starts, retail sales, inflation rate, unemployment rate and population growth can all look forward to improvement.

The level of activity achieved in 1986 exceeded all projections. Due to the nature of the City's economic make-up; diversity of the agriculture sector surrounding Saskatoon; stability of interest rates and the level of inflation; real growth of between 2.5 percent and 3 percent will be achieved in 1987.

As in recent years, the continual growth of the community will present opportunities to local entrepreneurs in which new investments will occur.

By the end of 1987, Saskatoon's population will be approaching 185,000, and construction activity is projected to be as follows:

a)	Residential	$100 million +
b)	Institutional	$100 million +
c)	Commercial	$ 20 million +
d)	Industrial	$ 20 million +
e)	Other	$ 10 million +

According to a recent Saskatoon Board of Trade "Outlook '87 Survey"; eight out of every ten Saskatoon companies are optimistic about their business in 1987.

1. AGRICULTURE

Agriculture dominates the media these days with the odd interruption coming from potash. This is understandable because potash and agriculture are directly tied together; although the fortunes of potash are not tied to the agriculture scene in Canada. As long as there is an over supply situation in the world, farmers in the West cannot sell their wheat at a profitable markup and Saskatchewan potash producers cannot market to traditional customers because they are not buying.

When we think of agriculture in Saskatchewan, we focus on wheat. We have a tendency to glaze over the mixed blessings of Saskatoon's diversity within the agriculture sector.

If 20 percent to 30 percent of Saskatchewan farmers are in difficulty, what is the current state of the other 70 percent to 80 percent? How are the beef, pork, poultry, dairy and egg producers faring? What is happening to those farmers that are switching or mixing acreage to peas, lentils, mustard, canary seed, legumes and potatoes to mention but a few.

- 41 percent of Saskatchewan's total cattle population lies within Saskatoon's trading area.

- 26 percent of Saskatchewan's total sheep and lamb population lies within Saskatoon's trading area.

- 54 percent of Saskatchewan's total hog population lies within Saskatoon's trading area.

- 50 percent of Saskatchewan's milk shed lies within Saskatoon's trading area.

- 80 percent of Saskatchewan's poultry and egg production lies within Saskatoon's trading area.

Despite plunging prices and scarce markets, Saskatchewan farmers enjoyed their best ever harvest. Saskatchewan's farmers are forecast to receive $3.78 billion in 1986 in total farm cash receipts. With the Special Canadian Grains Program Payments, Saskatchewan's share of $415,000,000 will bring the total cash receipts to $4.2 billion. Because of this special payment, realized net farm income will increase from $465,303,000 to $849,060,000 (1986-87).

Figure 1 demonstates the importance of the agriculture sector on the economy of Saskatchewan and Saskatoon. Table 1 depicts the sector percentages of contributions to the provincial Gross Domestic Product.

FIGURE 1

SASKATCHEWAN FARM CASH RECEIPTS & EXPENSES AND INCOME (1976 - 1986)

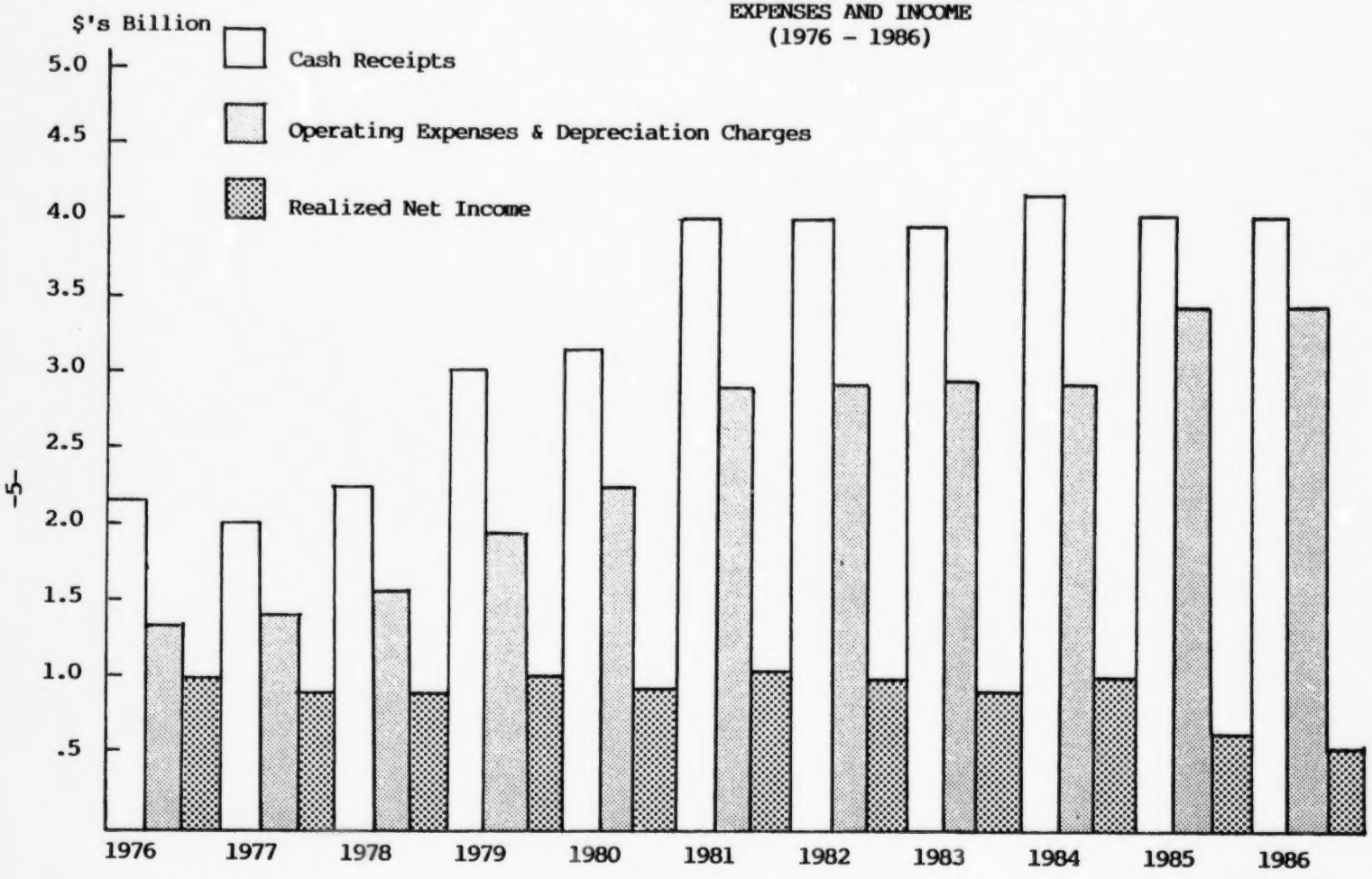


TABLE 1

SASKATCHEWAN GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY

($ Millions)

	1985	1985 %	1984 %	1983 %	1982 %
Agriculture	$ 2,155	12.4	11.2	14.3	17.7
Forestry	$ 38	0.2	0.3	0.2	0.2
Mining	$ 2,182	12.5	13.1	9.7	8.2
Construction	$ 748	4.3	4.7	5.4	5.1
Manufacturing	$ 989	5.7	5.7	5.8	6.8
Transporation, Communication and Storage	$ 1,345	7.7	7.9	7.7	7.9
Utilities	$ 477	2.7	2.6	2.5	2.7
Trade	$ 1,692	9.7	9.8	10.0	10.8
Finance, Insurance & Real Estate	$ 2,957	17.0	16.7	16.3	12.4
Service	$ 3,098	17.8	17.7	17.6	17.9
Public Administration	$ 1,735	10.0	10.4	10.6	10.3
	$17,416	100.0%	100.0%	100.0%	100.0%

Source: Bureau of Statistics
Government of Saskatchewan

TABLE 2

FARM CASH RECEIPTS, INCOME & COMPARISONS
1975 - 1987
Billions of Dollars

Year	Saskatchewan Farm Cash Receipts	Canadian Farm Cash Receipts	Sask. As A % Of Canada	Saskatchewan Total Net Income
1975	$2.51	$10.13	21.2%	$1.48
1976	$2.32	$10.12	22.9%	$1.28
1977	$2.16	$10.19	21.2%	$ .84
1978	$2.50	$12.03	20.7%	$ .89
1979	$3.03	$14.32	21.1%	$ .82
1980	$3.30	$15.85	20.8%	$ .66
1981	$4.01	$18.59	21.5%	$1.57
1982	$4.00	$18.60	21.5%	$1.10
1983	$3.96	$18.75	21.1%	$ .59
1984	$4.35	$20.31	21.4%	$ .33
1985	$4.10	$19.91	20.6%	$ .87
1986[p]	$4.04	$20.21	19.9%	$1.39
1987[f]	$3.78			

Source: Statistics Canada 21-202 p = projection f = forecast
Cash Receipts Include Supplementary Payments
Total Net Income = (Realized Net Income + Value of Inventory Change)

2. CONSTRUCTION

There were 1,084 more building permits issued in 1986 than in 1985, with single and duplex dwellings increasing by 393 permits.

Figures 2 and 3 show the 1986 values of building permits, totalling $260.4 million - a 38.7 percent increase over 1985. Total residential values were up 23 percent - $126,245,900 in 1986; $102,544,200 in 1985.

Total single and duplex units started were 1,415 in 1986, up from the 1,054 issued in 1985. Apartment units started were 747 in 1986; 778 in 1985.

Other sectors within the construction industry were as follows:

Offices	$8,187,500 (1986); $9,390,000 (1985) representing a decrease of 12.8 percent.
Warehousing	$8,658,500 (1986); $11,694,300 (1985) for a decrease of 26 percent.
Manufacturing	$16,774,000 (1986); $3,232,000 (1985) for an increase of 419 percent.
Institutional	$78,701,000 (1986); $23,132,200 (1985) for an increase of 240 percent.

i) Residential

Saskatoon has seen a yearly average of $100 million in residential construction for the past nine years. As in 1986, it is anticipated 1987 will again exceed this level.

In addition to this level of activity, the Saskatoon Real Estate Board Inc. reached new highs in 1986. The dollar volume in sales through the MLS exceeded $200 million for the second consecutive year. Total transactions were $237,879,527 representing an increase of 5.4 percent from 1985.

FIGURE 2

SASKATOON BUILDING PERMITS
(Category Breakdown)
1976 - 1986

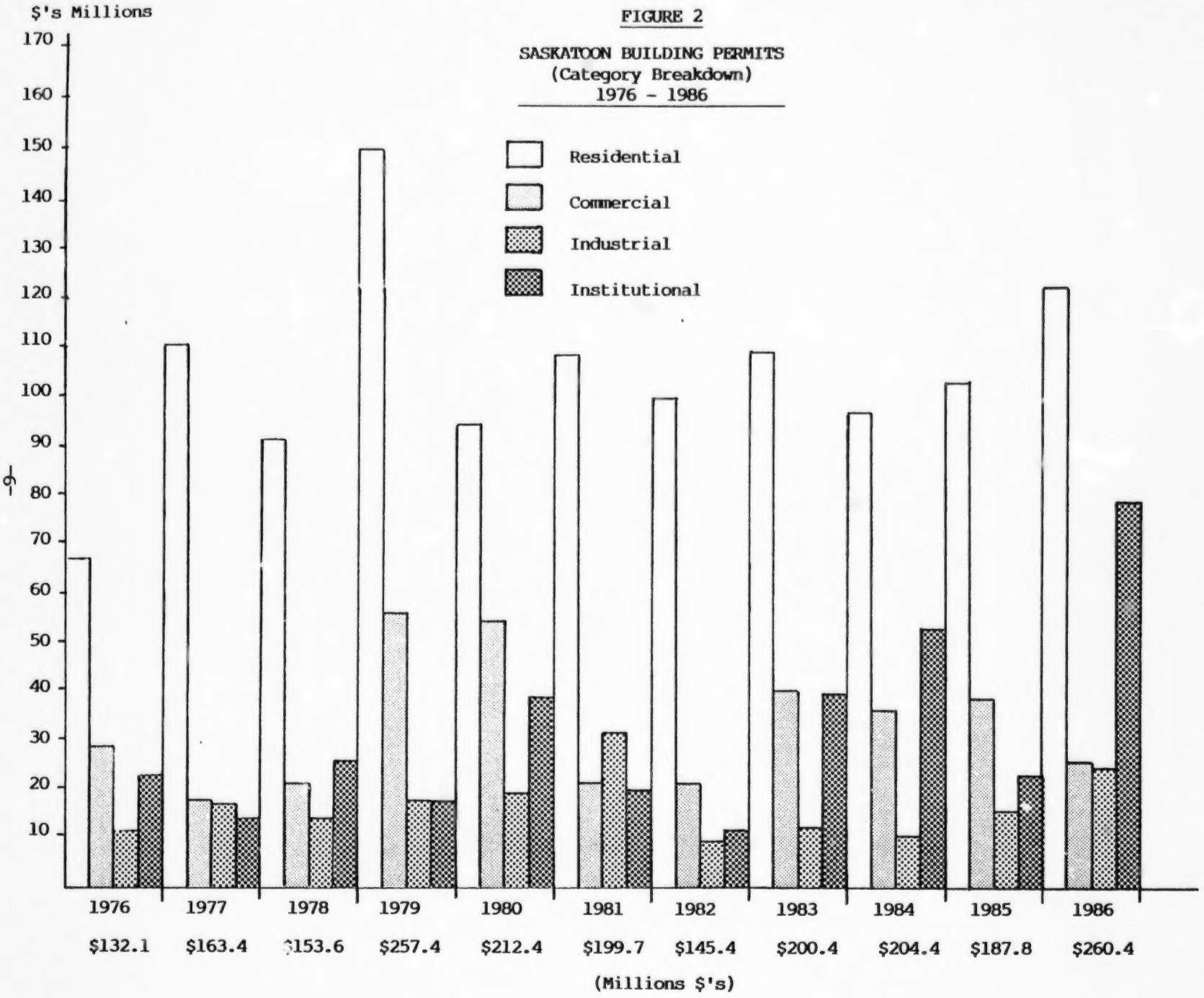
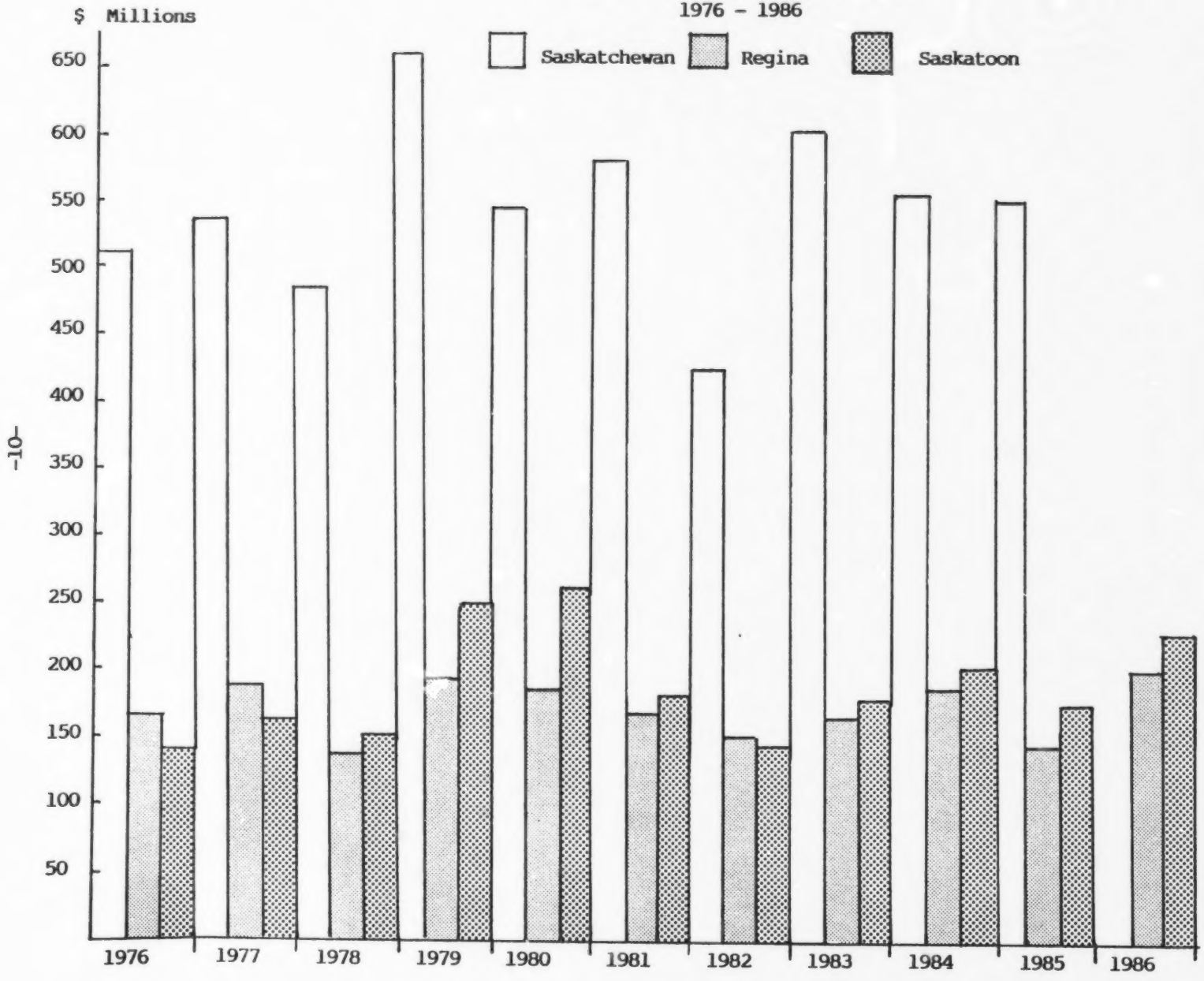


FIGURE 3

VALUE OF CONSTRUCTION PERMITS
1976 - 1986



ii) **Institutional**

There are a number of major projects that were started in 1986 and will carry through 1987: expansion to St. Paul's Hospital, expansion to University Hospital, U of S Administration Building, Cancer Clinic and St. Volodymyr Senior Citizens' Complex. New projects for 1987 are: Saskatchewan Place (Multi-Purpose Complex), City of Saskatoon's two recreational complexes, Sherbrook Community Center and the long awaited U of S Agriculture Building.

iii) **Commercial**

The commercial sector will see a significant increase in value over 1986 with the commencement of Grand Square office complex, Saskatoon's new CanWest Broadcasting Station, Bayside Mall, expansion to Market Mall and a number of developments occurring along 42nd Street plus renovations and redevelopment within the Central Business District, plus Supervalu's proposed project.

iv) **Industrial**

Expansions and new plant construction will be the order of the day throughout 1987. These activities will have a positive economic impact upon the construction scene; Intercontinental Packers; SED Systems; Hitachi Turbine Plant and Pelnor Containers.

Tables 3 and 4 show a historical picture of Saskatoon's commercial, industrial and residential level of activity.

A brief review of 1986 projects in excess of $250,000 are as follows:

a) There were 22 industrial expansions/new facilities for a value of $20,616,000.

TABLE 3

SASKATOON COMMERCIAL AND INDUSTRIAL BUILDING PERMITS

Year	Commercial ($ Millions)	Industrial ($ Millions)
1976	28.6	10.6
1977	18.8	17.4
1978	21.2	14.5
1979	56.0	23.1
1980	54.9	19.1
1981	22.3	32.9
1982	21.0	9.4
1983	39.8	11.2
1984	35.0	8.3
1985	37.7	14.9
1986	26.3	25.4

TABLE 4

SASKATOON RESIDENTIAL BUILDING STARTS

Year	Dwellings Single/Duplex	Apartments Units	Total Dwelling Units	Total Permits
1976	1,480	1,197	2,649	3,731
1977	1,524	3,290	4,814	3,948
1978	1,680	1,004	2,684	4,094
1979	1,921	2,027	3,948	4,315
1980	1,059	916	1,975	3,350
1981	1,183	1,716	2,899	3,319
1982	760	2,078	2,838	2,936
1983	1,318	959	2,277	3,918
1984	991	924	1,915	3,122
1985	1,054	778	1,832	3,367
1986	1,415	747	2,162	4,451

All Figures are Obtained
From the City Building Records

b) There were 21 commercial/retail expansions of new facilities for a value of $9,415,000.

c) There were 31 institutional projects for a value of $74,821,000.

d) There were 25 residential projects for a value of $25,907,000.

Total permits issued for 1986 were 4,451 which compares with 3,367 in 1985. At the end of 1986, there was in excess of $284,000,000 of construction underway.

COMPARISON OF BUILDING VALUE PER CAPITA

WESTERN CANADIAN CITIES

City	1986 Construction Value	Population	Building Ratio Per Capita
(1) Saskatoon	$260,450,400	178,361	$ 1,460
(2) Regina	$200,483,067	176,231	1,138
(3) Vancouver	$468,853,798	426,741	1,099
(4) Winnipeg	$611,314,000	616,107	992
(5) Edmonton	$534,477,900	571,506	935
(6) Calgary	$573,340,068	640,645	895

VALUE OF BUILDING PERMITS

YEAR	SASKATOON	REGINA	SASKATCHEWAN
1975	$128,600,000	$150,939,000	$430,185,000
1976	132,100,000	169,858,000	516,414,000
1977	163,400,000	181,287,000	539,514,000
1978	153,600,000	144,000,000	487,000,000
1979	257,500,000	179,000,000	667,000,000
1980	212,400,000	139,000,000	546,000,000
1981	199,700,000	184,000,000	575,000,000
1982	145,400,000	150,000,000	430,000,000
1983	200,400,000	176,000,000	613,476,000
1984	204,436,950	166,517,915	569,594,000
1985	187,760,700	138,568,367	548,342,000
1986	260,450,400	200,483,067	*

* Not available at time of printing

3. MAJOR PROJECTS PLANNED AND UNDERWAY

Major projects totalling $118 million are listed in Table 5.

Table 6 indicates major projects that are planned for 1987+. It is anticipated that these projects will have a positive effect on Saskatoon's economy. Over the course of the next five years, there will be in excess of $3.92 billion worth of capital projects.

TABLE 5

MAJOR PROJECTS UNDERWAY AS OF JANUARY 1, 1986

PROJECT	DESCRIPTION	VALUE
University of Saskatchewan	Administration Bldg.	$ 2,700,000
Milbrandt Homes	Residential	1,200,000
Wolfe Developments	Residential	672,000
Wolfe Developments	Residential	672,000
Interwest Developments	Residential	700,000
Saskatoon Bd. of Education	Educational Building	550,000
City of Saskatoon	Public Building	739,000
City Hospital	Alterations	747,000
University of Saskatchewan	Educational Bldg. Alt.	2,560,000
St. Paul's Hospital	Addition	788,000
SEDCO	Manufacturing Plant	800,000
University Hospital	Phase III Alt.	1,165,000
St. Volodymyr Villa	Housing for the Elderly	4,678,000
Saskatoon Separate School Bd.	Office Addition	1,614,000
University of Saskatchewan	Animal Resource Centre	2,575,000
Landev Ltd.	Industrial Warehouse	615,000
Remai Construction	Residential	1,860,000
Saskatoon Separate School Bd.	School Addition	1,066,000
Saskatoon Separate School Bd.	New School	2,397,000
Intercontinental Packers	Plant Expansion	650,000
P.R. Developments	Residential	1,349,000
University Hospital	Expansion	12,370,000
Bishop Mahoney High School	Addition	852,000
Acura Dealership	Auto	550,000
SEDCO	Manufacturing Plant	2,404,000
University Hospital	Expansion	1,962,000
Day's Paint	Commercial/Retail	525,000
Concord Group of Companies	Retail	850,000
St. Paul's Hospital	Expansion	1,000,000
P.R. Developments	Residential	1,090,000
Practical Homes	Residential	600,000
Wolfe Group of Companies	Nursing Home Addition	500,000
Wolfe Group of Companies	Nursing Home Addition	11,500,000
Canada Packers	Manufacturing Plant	3,001,000
Milbrant Homes	Residential	1,200,000
Saskatoon Bd. of Education	New School	2,492,000
Riverview Inc.	Residential	920,000
Circle Drive Place	Residential	4,000,000
Weldon's Concrete Products	Manufacturing Plant	846,000
University Hospital	Alteration	500,000
Lutheran Sunset Homes	Care Home	4,071,000
University of Saskatchewan	Education Building	766,000
Phoenix Properties	Residential	1,100,000
University of Saskatchewan	Heating Plant	1,520,000
University of Saskatchewan	Education Building	1,018,000
Menke Holdings Ltd.	Residential	800,000
Circle Drive Alliance Church	Addition	1,750,000
Milbrandt Homes	Residential	1,200,000
Cancer Foundation	Clinic	13,040,000
SED Systems Inc.	Manufacturing Plant	7,513,000
Teacher's Credit Union	Bank	1,000,000
St. Paul's Hospital	Addition	6,580,000
Interwest Dev. Corp.	Residential	971,000
		$118,588,000

TABLE 6

MAJOR PROJECTS PLANNED AND/OR ANNOUNCED FOR 1987+ THAT WILL AFFECT THE ECONOMY OF SASKATOON

AGENCY	PROJECT	REMARKS	VALUE
Supervalu	New Store Dev.	1987-88	$ 23,000,000
St. Paul's Hospital	Expansion	Underway	50,000,000
University Hospital	Expansion	Underway	50,000,000
City Hospital	New	1987-89	100,000,000
City of Saskatoon	Two Rec. Complexes	1987-88	10,000,000
Hitachi	Mfg. Plant	1987-88	14,000,000
Husky Oil Upgrader	Heavy Oil Upgrader	1987-90	2 Billion
New Grade Energy	Heavy Oil Upgrader	1987-90	600,000,000
University of Sask.	Agriculture Bldg.	1987-90	78,000,000
Cigar Lake	Uranium Mine	1990	500,000,000
Weyerhaeser Canada	Paper Mill	1987-89	250,000,000
Gold Development	Drilling/Development	1987-90	100,000,000
Royal Bank	Office Complex	Planning	8,000,000
Wolfe Group of Co's.	Office Complex	1987-88	13,000,000
City of Saskatoon	Arena	Underway	25,000,000
PrairieLand Exhibition	New Complex	1987-88	10,000,000
SEDCO Centre	Addition	Underway-88	6,000,000
Intercontinental Packers	Expansion	Underway-89	24,000,000
McClure United Church	Res. Complex	1988-89	10,000,000
Princeton Dev.	Expansion II	1987-88	15,000,000
University of Sask.	Soils Lab	1987-88	5,000,000
Sherbrook Community Expansion	Care Home	1988	9,000,000
Bayside Mall	New Retail	1987-88	8,000,000
Sask. West TV	TV Studio	1987-88	5,000,000
Market Mall	Expansion	1987-88	4,500,000
			$3.92 Billion

4. RETAIL TRADE

Saskatoon is now into its seventh year as being one of the country's hot spots for retail sales on a per capita basis for communities in excess of 100,000 population.

Saskatoon's retail sales volume is 12 percent above the national average. The Economic Development Department estimates 1986 retail sales at $1.31 billion which represents a 7 percent increase over 1985. Table 7 shows a ten-year historical overview of retail sales in Saskatoon. Retail sales individual categories will appear in the Six-Month Economic Situation Update.

RANKINGS OF RETAIL SALES FOR COMMUNITIES OVER 100,000 POPULATION

CITY	PER CAPITA	MARKET ABOVE NATIONAL AVERAGE
1. Victoria	$6,230	16%
2. Saskatoon	6,014	12%
3. Vancouver	5,922	10%
4. Ottawa-Hull	5,848	9%
5. Calgary	5,847	9%
6. London	5,765	7%
7. Regina	5,730	6%
8. Thunder Bay	5.720	6%
9. Edmonton	5,672	5%
10. Toronto	5,625	4%

Source: Canadian Markets 1986

TABLE 7

SASKATOON RETAIL TRADE
1976 - 1986

Year	Current Dollars ($ Millions)	% Change Over Previous Year	Inflation Rate
1976	496.9	33.7	-
1977	512.0	3.0	-
1978	569.9	11.3	-
1979	709.3	12.4	10.7%
1980	819.9	15.6	11.4%
1981	935.4	14.0	11.2%
1982	972.5	3.9	6.5%
1983	1,026.5	5.5	5.5%
1984	1,169.6	13.9	3.5%
1985	1,225.5*	4.7*	3.5%
1986	1,310.0*	7.0*	4.0%

Source: Bureau of Statistics, Government of Saskatchewan
*Economic Development Department Estimate

RANKINGS OF INCOMES FOR POPULATIONS
+100,000 FOR WESTERN CANADA

CITY	INCOME PER CAPITA
1. Winnipeg	$14,880
2. Vancouver	14,795
3. Thunder Bay	14,418
4. Victoria	14,407
5. Calgary	14,277
6. Regina	14,185
7. Saskatoon	13,192
8. Edmonton	12,829

Source: Canadian Markets 1986

5. MINING AND MINERAL PRODUCTION

It is an undeniable fact that Saskatchewan's resource sector (excluding agriculture) is one of the mainstays of the City's economy. It is also well-known that the potash industry as a whole is going through turbulent times as are Saskatchewan's oil and gas sectors. While there appear to be substantial negative overtones, there is very little positive news. Isolated examples do point out that not all is "doom and gloom." For example, within the potash sector, two mines (Kalium Chemical and Allan PCS) are producing to maximum capacity. Saskatchewan's three producing uranium mines are producing between 90 percent - 112 percent capacity depending on the individual mine. One hears very little about coal production; one gold mine has recently come into production and another two mines are in the feasibility stage and forest products are doing very well.

Last year's report introduced our readers to the various gold projects underway in Northern Saskatchewan. The report also highlighted that over 90 percent of the activity originated in Saskatoon. The Economic Development Department is forecasting that as gold reserves are firmed up, a number of new resource firms will establish their base of operation in Saskatoon. This activity will further enhance Saskatoon as a centre catering to the resource sector in terms of manufactured products and services.

This year's report will introduce a new mineral (for Saskatchewan) that is causing excitement in certain boardrooms. That mineral is platinum. Platinum prices are continuing to increase as it approaches $560/oz. U.S. A number of geological surveys are underway in the northern regions of the Province with Starrex Mining Corp. of Toronto leading the way. Currently, South African mines supply 80 percent of platinum to the non-communist world.

Some of the resource highlights of 1986 were as follows:

- Husky Oil of Calgary acquired a 50 percent interest in a northern property being developed by Sask. Mining Development Corporation (SMDC).

- For the first 9 months of 1986, SMDC reported net earnings of $21 million (vs. $14.4 million in 1985).

- According to an article in the Northern Miner Magazine, there may be as many as five (5) gold mines in operation in Saskatchewan prior to 1995. The five Saskatchewan sites were among 77 properties across Canada picked as potential mines.

- There are currently six gold deposits in advanced stages of exploration. If all deposits materialize, this translates into a billion dollar impact on the Saskatchewan economy. It will affect transportation, construction, manufacturing, power, tourism, small business, housing, education, financial, warehousing and personal services.

- Star Lake Mine sold its first gold brick to the Canadian Imperial Bank of Commerce for $52,818 - the brick weighed 126.967 ounces.

- Late in the year, Canpotex successfully concluded sales of potash to China and Indonesia for a value of $65 million. Total tonnage - 750,000.

- Canpotex concluded a second sale to China for 100,000 tonnes at a value of $10.3 million.

- Canpotex signed a three-year agreement to sell 190,000 tonnes to Malaysia for a value of $20 million.

In 1986, major resource products totalled $2.105 billion compared to $3.317 billion in 1985.

LEADING VALUES AND PRODUCTION

1982 - 1986

	Crude Oil	Potash	Uranium
1982	$1.18 billion on 8.1 million cubic meters	$642.9 million on 5.21 million K_2O tonnes	$251 million on 3.5 million kilograms U_3O_8
1983	$1.65 billion on 9.5 million cubic meters	$685.9 million on 5.93 million K_2O tonnes	$121.4 million on 2.77 million kilograms U_3O_8
1984	$1.87 billion on 10.81 million cubic meters	$829 million on 7.65 million K_2O tonnes	$345 million on 7.2 million kilograms U_3O_8
1985	$2.21 billion on 11.5 million cubic meters	$622 million on 6.38 million K_2O tonnes	$453 million on 6.9 million kilograms U_3O_8
1986	$1.15 billion on 11.6 million cubic meters	$570 million on 6.31 million K_2O tonnes	$385.1 million on 6.3 million Kilograms U_3O_8 (Jan 1 - Nov. 30, 1986)

6. EMPLOYMENT

The most recent estimate of Saskatoon's work force is shown in Table 8. For those readers expecting selected employment statistics, these figures will be reported in the six-month update.

Saskatoon's total available labour force is estimated at 92,000. Table 8 displays the 1986 average breakdown of employed persons by industrial sector.

The City's unemployment rate continued to be at a level that is traditionally unacceptable. In percentage terms, the range was from a high of 13.5 percent to December's low of 9 percent. Although Saskatoon ranks within the top five (5) major municipalities for job creation on a per capita basis, individuals entering the labour force are doing so at a rate in excess of job creation. During 1986, two firms severely restricted their operations: A.E.L. Microtel ceased operations. Over the past three years, this has affected 250. Northern Telecom Canada relocated their electronics division to Montreal affecting 220. SED Systems went through a minor downsizing affecting approximately 25.

Table 9 and Figure 4 compare the City's inflation and unemployment rates.

TABLE 8

SASKATOON LABOUR FORCE - ANNUAL AVERAGE 1986

		Percentage (%)
Agriculture	900	1.1
Other Primary (Mining, forestry, fishing)	2,600	3.2
Manufacturing	6,900	8.6
Construction	4,600	5.7
Transportation, Communication, & Other Utilities	5,800	7.2
Trade	15,800	19.6
Finance, Insurance & Real Estate	4,800	5.9
Service	34,600	42.9
Public Administration	4,700	5.8
TOTAL	80,700	100.0

Source: Statistics Canada 71-001

TABLE 9

1986 INFLATION & UNEMPLOYMENT STATISTICS

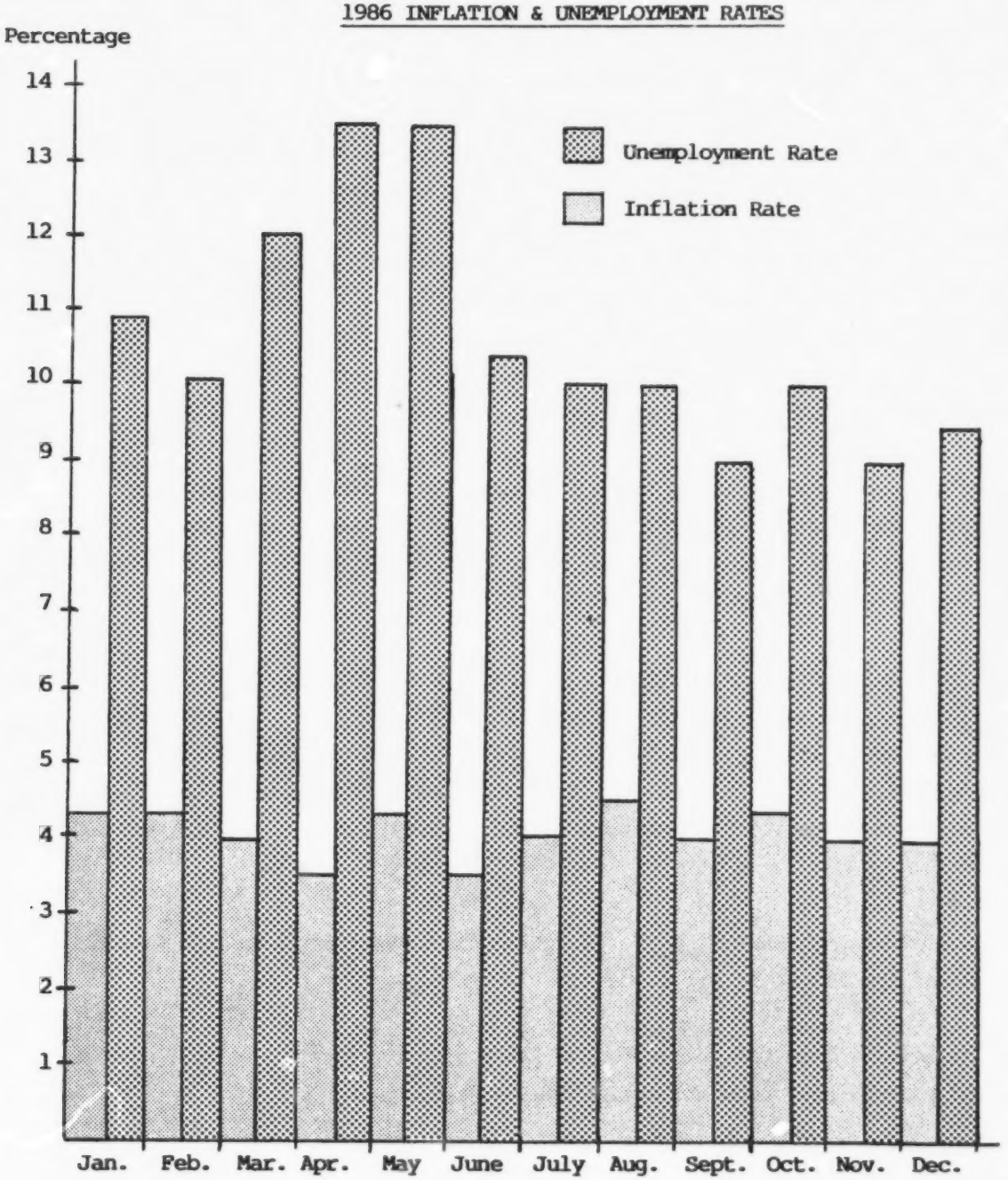
1986	INFLATION	UNEMPLOYMENT
January	4.3%	10.9%
February	4.3%	10.1%
March	4.0%	12.1%
April	3.6%	13.5%
May	4.3%	13.5%
June	3.6%	10.4%
July	4.0%	10.1%
August	4.6%	10.0%
September	4.1%	9.0%
October	4.3%	10.0%
November	4.0%	9.0%
December	3.8%	9.5%

Source: Inflation Rate - Statistics Canada

Unemployment Rate - Dept. Labour, Province of Saskatchewan

FIGURE 4

1986 INFLATION & UNEMPLOYMENT RATES



7. BUSINESS DEVELOPMENT AND MANUFACTURING ACTIVITIES

Nationally and regionally, there is very little said about Saskatchewan's manufacturing base. While it is true the level of employment created by manufacturing industries does not compare with Manitoba, Alberta or British Columbia, it is an ever increasing component to Saskatchewan's economy. It is also true that this sector is composed of a number of small and one-product firms. What is surprising is the level of sophistication and degree of expertise that resides within our manufacturers. Saskatchewan firms are competing nationally and internationally and are being recognized for quality of product, price and service.

In 1985 (latest available figure), manufacturing value from Saskatoon's 300 manufacturers exceeded $764,000,000. In 1975, the value was $328,000,000 (204 plants). Saskatoon continues to be the manufacturing center of the Province directly employing 7,000+.

The community continues to attract new investment from within and outside the region. The service sector continues to dominate as a growth center. Of the 358 business starts in 1986, 336 would be classified as service.

Some of the more exciting happenings in the business sector for 1986 were as follows:

a) Saskatoon continues to have the lowest business tax in Western Canada, and one of the lowest in all of Canada.

b) Supervalu unveiled plans for a $23 million project consisting of a 100,000 square foot store and residential development.

c) Ruff and Tumble Toggs is the City's newest clothing manufacturer; employing 12 and specializing in childrens' wear.

d) The Yellow Submarine has taken on a new meaning in the pizza industry. The ready-to-cook pizza operation has grown from one store into a $6 million franchise operation with 27 stores across Western Canada.

e) Another new food manufacturer for Saskatoon is Speedy Gourmet which produces a variety of fresh pasta. The store offers both wholesale and retail service.

f) Crestline Coach Ltd., a long-time Saskatoon manufacturer of ambulances and other specialized vehicles is keeping pace with the competition by recently installing a CAD (computer-aided-design) system; one of the first to do so in Saskatchewan.

g) Saskatchewan's only manufacturer of rotational molded plastic garbage containers (Pelnor Container Corporation) came on-stream in late 1986.

h) Western Limited is proceeding with a new "up-scale" $8 million retail outlet that will be physically joined to The Bay Department Store.

i) CanWest Broadcasting of Winnipeg unveiled plans for a new $5 million TV station which has received approval from the CRTC.

j) Mr. Dale Tingley spearheaded a group that built a water slide theme park costing $4 million.

k) Saskatchewan's largest mall - Circle Park Mall - was recently sold to Marathon Realty for a price of $30 million.

l) Hitachi Ltd. announced plans for its first ever North American electric power equipment manufacturing facility. The $14 million plant will produce low pressure casings for Hitachi's turbine generators.

m) Intercontinental Packers released plans for a $24 million expansion mode that will take three phases to complete. Upon final completion, 1,400 new jobs are expected.

n) The Potash and Phosphate Institute of Canada relocated their head office from Toronto to Saskatoon in order to be closer to the industry.

o) SED Systems started construction on their new $12 million facility. When completed, it will allow all sections to be amalgamated in one location.

p) Kilborn (Saskatchewan) Ltd. has undertaken a major expansion in both manpower (anticipate up to 235 - current is 115) and office space, due to winning the $600 million heavy oil upgrader engineering contract.

q) International Road Dynamics announced plans to construct a facility in which they will manufacture the firms computerized traffic - monitoring equipment.

r) Horizon Robotics Systems (Canada) Ltd., Saskatchewan's only manufacturing supplier of factory robots, completed their first installation to a local agriculture equipment manufacturer.

s) Sci-Tec Instruments unveiled their newest product called Petro-Tag. The automated measuring device monitors liquid volumes (gasoline, etc.) in storage and underground tanks more accurately and cheaply than existing instruments.

MANUFACTURING ACTIVITY FOR

THE YEAR 1986

N.B. New Business to the City
B.E. Business Expansion of Existing Premises
B.E.N. Business Expansion to New Facility

COMPANY	PRODUCT	DESIGNATION
Ruff & Tumble Toggs	Clothing	N.B.
Speedy Gourmets	Pasta	N.B.
Pelnor Container Corp.	Plastics	N.B.
Hitachi Ltd.	Turbines	N.B.
Intercontinental Packers	Meat Packing	B.E.
Valley Tubular Ind.	Chair Manufacturing	N.B.
Creative Wood Interiors	Cabinet Manufacturing	N.B.
Western Report	Publishing	N.B.
Flair Packaging Ltd.	Printing	N.B.
Saskatoon Jacket People	Jacket Manufacturing	N.B.
Quality Service Railcar	Car Repair	N.B.
Vikel Hose & Fittings Inc.	Hose Manufacturing	N.B.

COMPANY	PRODUCTS	DESIGNATION
Ad-West Neon Inc.	Sign Manufacturing	N.B.
Creative Touch Millworks	Millwork	N.B.
Dew-Little Industries Inc.	Insulation Siding	N.B.
Spray-Tech Systems Inc.	Agricultural Manufacturing	N.B.
Eclat Air Exchange	Hot Water Systems	N.B.
Fabtron Ltd.	Custom Electronics	N.B.
JoyTec Ltd.	Electronic Games	B.E.N.
Canada Packers	Poultry	B.E.N.
Northern Telecom	Fiber Optics	B.E.
SED Systems	Electronics	B.E.N.
Industrial Machine	Machining	B.E.N.
Weldons Concrete	Concrete Products	B.E.
Labatts Brewery	Brewery	B.E.
C.S.P. Foods	Food Processor	B.E.
Star Phoenix	Printing	B.E.

8. TECHNOLOGY HIGHLIGHTS

A number of developments occurred with Saskatoon's research, development and technology sector. Saskatchewan's technology industries recorded in excess of $400 million sales in 1986. It is estimated that over 85 percent or $340 million were attributed to Saskatoon-based firms.

The Economic Development Department's latest Technology Directory (1986-1987) lists 137 companies and agencies engaged in advanced technology. The range of activities encompass agriculture and food processing, aerospace, engineering, micro-electronics, communications, chemicals, pharmaceuticals, computer programming, technical training and upgrading, software design, biotechnology and robotics.

As of the first quarter of 1986, the direct level of employment amounted to 3,729. The manufacturing sector recorded the highest level of employment at 1,657 individuals with the research and development category following closely at 1,514.

Saskatoon is very proud to have the University of Saskatchewan, Kelsey Institute of Applied Arts and Sciences, the Saskatchewan Research Council, the National Research Council and the Advanced Training and Technology Centre as cornerstones for the research, educational and training needs of this burgeoning industry. The Industrial Research Park, Innovation Place (managed by the Saskatchewan Economic Development Corporation), provides the largest single most diversified technical resource in Western Canada.

1986 Highlights

- Sci-Tech Instruments Inc. started to market their newest product called Petro-Tag - an electronic instrument that accurately measures gasoline, oil, etc. volumes above and below ground.

- The Veterinary Infectious Disease Organization (VIDO) is undertaking some of the most sophisticated research done in Canada on infectious diseases in animals. They hope to discover a method of vaccinating calves in the womb, enabling them to be born with immunity.

- Philom Bios will soon start manufacturing their patented new product that produces a fungi that kills weeds in crops and gardens. The new plant is expected to be Canada's first producer of bio-herbicides for the agriculture industry. The market in 1991 is estimated to be $200 million.

- The Department of Science and Technology relocated from Regina to Saskatoon and will move into new offices in 1987.

- The Bovine Blood Typing Laboratory which does blood testing of cattle relocated from Ottawa to Saskatoon. The lab's primary role is in verifying and maintaining breed purity in cattle.

- Canada's only Toxicology Centre will become a reality as the new facility will open in 1987. The Centre has been in existence since 1983, but scattered throughout the campus. The Centre undertakes and supports basic and applied research in environmental, industrial, medical, and veterinary toxicology.

- The new $16 million Saskatchewan Cancer Clinic commenced construction and is expected to near completion by the end of 1987.

- The University of Saskatchewan unveiled plans for a new $78 million world class College of Agriculture building. The facility is expected to be fully operational by 1991.

- The new $16 million National Hydrology Research Centre officially opened in October, 1986. It brings the various components of Environment Canada's water research facilities under one roof.

- DM Enterprises Inc. is receiving exemplary reviews for its new conveyor technology for the mining industry. The product is a fully automated belt bender. The mobile belt bender design eliminates the need for shuttle cars and loaders, and improves mining flexibility and productivity.

- Scientists at the U of S have developed a "pulse stretcher ring." That is the world's most sophisticated tool for "looking" at the nucleus of an atom.

- The Medical Research Council awarded $4 million to help fund a number of research and development projects at the U of S.

9. POPULATION

Table 10 contains a number of statistics related to the size of the City's population, housing stock, postal addresses, etc. The data in this table indicates that the City's population is in the vicinity of 180,000 - 185,000. The historical growth of Saskatoon's census population is shown in Figure 5, and Saskatchewan Hospital Services Plan is listed in Table 11. Statistics Canada reports that for the period 1981 - 1986, Saskatoon led the nation as the fastest growing metropolitan area.

POPULATION GROWTH BY CENSUS
METROPOLITAN AREA 1981 - 1986

METROPOLITAN AREA	% CHANGE	RANK
Saskatoon	13.56	1
Toronto	8.92	2
Ottawa-Hull	8.86	3
Oshawa	8.67	4
Vancouver	8.02	5
Kitchener	7.61	6
Calgary	6.56	7
Regina	6.55	8
Halifax	5.56	9
Edmonton	5.23	10

*** (Interim Count, Subject to Change)**

TABLE 10

SASKATOON POPULATION AND HOUSEHOLD STATISTICS

	Business & Residential Post Office Deliveries	Saskatoon Registrants Under the Saskatchewan Hospital Services Plan	Statistics Canada Population	Households[1]	Average Number of Persons Per Dwelling
1977	53,223	138,376	-	50,200	2.8
1978	58,546	141,167	-	52,120	2.7
1979	62,588	144,672	144,269[2]	55,500	2.6
1980	65,723	149,300	-	59,698	2.6
1981	68,197	154,261	152,747	61,605	2.6
1982	69,007	159,581	-	63,424	2.6
1983	73,357	164,304	-	65,906	2.6
1984	75,679	170,748	-	67,701	2.6
1985	77,976	175,859	-	68,754	2.6
1986	81,671	178,361	175,873	70,916[3]	2.5

1. Assessor's Dept.
2. City of Saskatoon Census Figure as of June 1, 1979.
3. Dept. Estimate.

FIGURE 5

CENSUS POPULATION IN SASKATOON

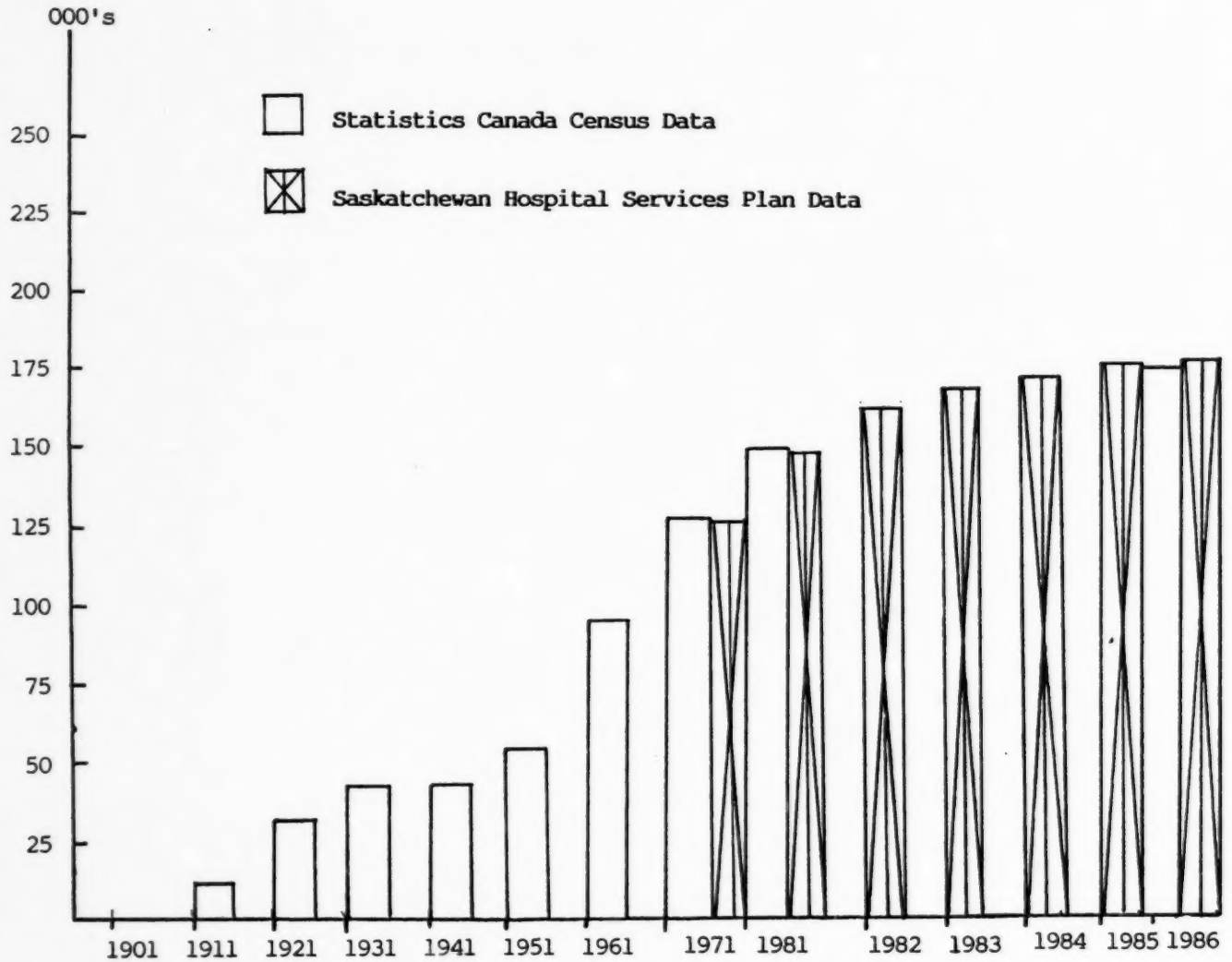


TABLE 11

POPULATION GROWTH OF SASKATOON 1966 - 1986
FIVE YEAR PERIODS

YEAR	POPULATION	ABSOLUTE CHANGE	PERCENT CHANGE
1966	111,756	-	-
1971	125,089	13,333	11.93%
1976	135,231	10,142	8.10%
1981	154,261	19,030	14.07%
1986	178,361	24,100	15.62%

Source: Saskatchewan Hospital Services Plan Data

10. SASKATOON'S FINANCIAL VIABILITY

Saskatoon continues to maintain one of the highest credit ratings of major Canadian municipalities. While other centers are being reevaluated, Saskatoon continues to maintain an AA+ rating. This current rating testifies to the City's economic stability and indicates the community is one of the most profitably managed in Canada.

Quotes from the 1986 credit rating report:

- "Among Canada's major cities rated by C.B.R.S., Saskatoon with net debt per capita of $195, has the best ranking in Canada."

- "Saskatoon's tax base has seen strong real growth as demonstrated by building permits exceeding $800/capita in each year for the past decade, even during the recession."

- "The City has strong population growth. Saskatoon has among the highest per capita personal disposable income, retail sales, and building activity levels in Canada."

11. SUMMARY

The Economic Development Department is of the opinion the foregoing is an accurate snapshot of Saskatoon's economic climate. 1986 on a consolidated basis, was an extremely good year for the City.

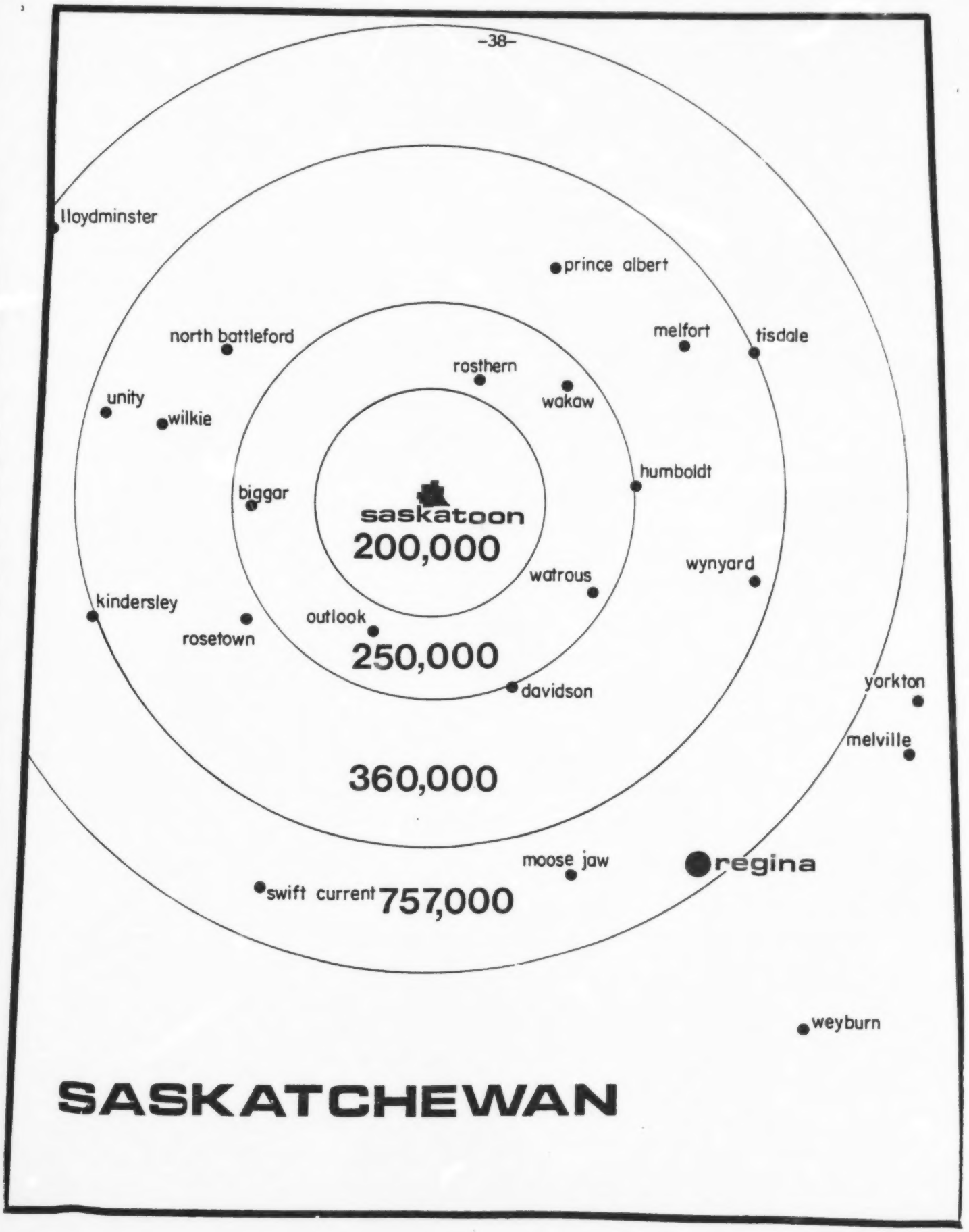
As the community moves into 1987, there appears to be a number of clouds on the Provincial horizon. The Department's considered opinion is that 1987 will be a repeat of 1986.

The Department's only major concern is that if the business community and the individual citizen start to accept the premise that all is for naught and the Province is doomed to failure, then this indeed could become a self-fulfilling prophesy.

CITY OF SASKATOON

STATISTICS - 10-YEAR PERIOD

			% Increase Over 10 Years
Population	1986	178,361	32%
	1976	135,231	
Income	1985	$2,468,539,000	179%
	1975	$ 883,569,000	
Trading Area Population	1986	550,000	24%
	1976	442,000	
Trading Area Income	1985	$7,302,455,000	165%
	1975	$2,758,080,000	
Construction	1986	$ 260,450,400	97%
	1976	$ 132,110,600	
Total Net Business Assessment	1986	$ 53,332,313	116%
	1976	$ 24,703,833	
Retail Trade	1986	$1,298,800,000	161%
	1976	$ 496,872,430	
Industrial Plants	1986	281	38%
	1976	204	
Manufacturing Value	1985	$ 764,080,000	133%
	1975	$ 328,083,000	
Manufacturing Payroll	1985	$ 121,994,000	128%
	1975	$ 53,549,000	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watrous
kindersley
outlook
rosetown
250,000
davidson
yorkton
melville
360,000
moose jaw
regina
swift current
757,000
weyburn
SASKATCHEWAN

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